

JOHN LUBE OKLAHOMA AFFIDAVIT
DRAFT DATED FEBRUARY 11, 1998

- Purchasing and Contracting Services (Schedule No. 039) - Services consist of functions performed by the Procurement organization in Southwestern Bell Telephone Company for client. Specific services include ordering stock items, negotiation of contract for non-stock items, ability to order stock forms, consultation on procurement processes, and intra-company motorized mail.
- Real Estate Management Services (Schedule No. 025) - Services consist of functions performed by the Real Estate Management organization in Southwestern Bell Telephone Company for client. Specific services include architectural planning, design and construction for administrative floor space, furniture inventory, furniture leasing and administrative floor space leasing.
- Revenue and Public Affairs Services (Schedule No. 047) - Services consist of ongoing review of legislative activities that may impact client. Specific services include consultation on state regulatory issues and consultation on federal regulatory issues.
- Technical Personnel Support Services (Agreement No. CGA0579) - Services consist of programming support from the Information Services organization of Southwestern Bell Telephone Company. Specific services include design, programming and modification of software programs owned or leased by client to include billing system development, billing functionality, journal entry processes, and financial report preparation.
- Temporary Labor Services (Schedule No. 026) - Services consist of temporary labor support for general administrative activities for client. Specific services include accounting payroll support, clerical support and general administrative consultation.

DRAFT

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of Application of SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc., d/b/a Southwestern Bell Long Distance, Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region Originating, InterLATA Services in Oklahoma	CC Docket No. _____
--	---------------------

AFFIDAVIT OF KATHY REHMER

STATE OF MISSOURI)
) ss.
CITY OF ST. LOUIS)

I, Kathy Rehmer, being first duly sworn upon oath, do hereby depose and state as follows:

A. AFFIANTS BACKGROUND AND DUTIES

1. My name is Kathy Rehmer. I am Director-Regulatory Planning for SBC Communications Inc. (SBC). Southwestern Bell Communications Services, Inc., d/b/a Southwestern Bell Long Distance (SBLD), and Pacific Bell Communications (PBCOM) are affiliates through which SBC will provide in-region interLATA services under the Telecommunications Act of 1996 (1996 Act).
2. In my current position I am responsible, as a member of SBC's 272 Oversight Committee, and as a regulatory expert concerning requirements adopted by the

DRAFT

- 2 -

Commission in CC Docket 96-149, for ensuring that SBC's BOCs, i.e., Southwestern Bell Telephone (SWBT), Pacific Bell (PB) and Nevada Bell (NB), (hereafter, The Telcos), have complied with the non-accounting obligations set forth in Section 272 of the 1996 Act.

3. I received a Bachelor of Arts degree in Management from St. Louis University in 1980. In 1995 I received a Masters of Arts degree from Webster University in Finance. I have 20 years of experience with SWBT and SBC. I have held numerous management positions in the Sales, Marketing, Human Resources and Regulatory organizations of SBC's affiliated companies.

B. PURPOSE OF AFFIDAVIT

Section 271(d)(3)(A)(ii)(B) of the 1996 Act provides that 272 compliance is a requirement that is concurrent with a 272 affiliate's commencement of the provision of services. This affidavit demonstrates that, in their relationship with SBLD and PBCOM, or with any other SBC Section 272 affiliate that carries out the authorization requested in this Application,¹ the Telcos are currently operating in accordance with, and will comply with the separate affiliate rules of Section 272 of the 1996 Act and with the Commission's rules implementing that Section, to the extent they are applicable.

¹ See In the Matter of Implementation of the Non-Accounting Safeguards of Section 271 and 271 of the Communications Act of 1934, as amended, First Report and Order, CC Docket No. 96-149, FCC 96-489 (rel. Dec 24, 1996) (Non-Accounting Safeguards First Report and Order); In the Matter of Implementation of the Telecommunications Act of 1996; Accounting Safeguards Under the Telecommunications Act of 1996, Report and Order (rel. Dec 24, 1996) (Accounting Safeguards Report and Order). SBC is a member of a consortium for construction and operation of an undersea cable which, when operational will provide an international facility that will be offered through a Section 272 affiliate, to the extent those rules are applicable.

DRAFT

- 3 -

0 SBLD AND PBCOM ARE "SEPARATE AFFILIATES" FROM THE TELCOS

- 1 SBLD and PBCOM are completely separate affiliates from SWBT, PB and NB.

SWBT is a corporation organized under the laws of the state of Missouri and is a wholly owned subsidiary of SBC. SWBT provides telecommunications services in the States of Texas, Oklahoma, Arkansas, Kansas and Missouri.

PB is a corporation organized under the laws of the State of California and is a wholly owned subsidiary of Pacific Telesis Group (PTG), which is a wholly owned subsidiary of SBC. PB provides telecommunications services in the State of California.

NB is a corporation organized under the laws of the State of Nevada and is a wholly owned subsidiary of PTG, which is a wholly owned subsidiary of SBC. NB provides telecommunications services in the State of Nevada.

SWBT, PB and NB do not own stock of either SBLD or PBCOM; correspondingly, neither SBLD nor PBCOM own stock of SWBT, PB or NB. The following telecommunications services are provided by SWBT, PB and NB in their respective states:

- a. telephone exchange service;
- b. intraLATA telephone toll service;
- c. exchange access service;
- d. resold local exchange services and unbundled network elements;
- e. operator services;

DRAFT

- 4 -

- f. certain other regulated and non-regulated services related to the provision of telecommunications.

D. SBLD AND PBCOM WILL OPERATE INDEPENDENTLY FROM THE TELCOS

1. The Telcos and SBLD/PBCom do not and, as long as the requirements of Section 272 and related Commission regulations remain in effect, will not jointly own telecommunications transmission and switching facilities or the land and buildings where such facilities are located.
2. SBLD/PBCom is not currently providing to The Telcos, and to the extent that requirements of Section 272 or any related Commission regulations are applicable, The Telcos will not accept from SBLD/PBCom, operating, installation, or maintenance (OI&M) services in connection with The Telcos' switching and transmission facilities. However, The Telcos may obtain such services from SBLD/PBCom in the event The Telcos purchase sophisticated equipment from SBLD/PBCom within the meaning of paragraph 164 of the Non-Accounting Safeguards First Report and Order. The Telcos have no existing plans, however, to purchase such sophisticated equipment from SBLD/PBCom or to have SBLD/PBCom install or maintain such equipment for The Telcos.
3. Neither the The Telcos, nor any SBC BOC affiliate, other than an affiliate required by Section 272, is performing OI&M functions associated with the switching or transmission facilities that SBLD/PBCom owns or leases from providers other than The Telcos to the extent that Section 272 becomes applicable. Neither the Telcos nor any SBC BOC affiliate, other than an affiliate

DRAFT

- 5 -

required by Section 272 will perform OI&M functions associated with the switching or transmission facilities that SBLD/PBCom owns or leases from providers other than The Telcos to the extent that Section 272 becomes applicable.

4. In reliance upon the express terms of Section 272, SBLD/PBCom contracted with The Telcos to receive, and has received on an as-needed basis, certain services as specified in the SBC BOC Cost Allocation Manuals or set forth in The Telcos' tariffs. A listing of the services that SBLD/PBCom has actually obtained from The Telcos is set out in the Affidavits of Kathleen Larkin and John Lube.
5. Since February 8, 1996, but terminating prior to the date of this Affidavit, the Telcos did perform certain OI&M functions, such as maintenance and engineering switches or transmission facilities owned by SBLD or PBCom. Only with the release of the Non-Accounting Safeguards First Report & Order was there a finding that the term "operate independently" as set forth in Section 272(b)(1) included any restriction on (OI&M). In SBC's Oklahoma 271 application, filed April 11, 1997, we stated that we were identifying and taking steps to discontinue those activities. Since that time, SBC has discontinued any OI&M activities identified by the FCC as prohibited under Section 272(b)(1).
6. SBLD/PBCom may obtain services that do not constitute OI&M, but instead are administrative services, from The Telcos or from a shared services affiliate. If The Telcos continue to provide administrative services to SBLD/PBCom, these services will be provided to other entities on non-discriminatory rates, terms, and

DRAFT

- 6 -

conditions. In addition, either The Telcos or a shared services affiliate may provide joint marketing services to SBLD/PBCOM without regard to whether those services are available to non-affiliates.

7. SBLD/PBCom may negotiate with The Telcos on an arms-length basis to obtain transmission and switching facilities from The Telcos, to arrange for collocation of facilities, or to provide or to obtain services other than those described above that are expressly prohibited in the Non-Accounting Safeguards First Report and Order. The Telcos will conduct all transactions with SBLD/PBCom on an arms-length basis, with the transactions reduced to writing and made available for public inspection. SBLD/PBCom and The Telcos will account for any affiliate transaction between SBLD/PBCom and The Telcos in accordance with the rules adopted by the FCC in the Accounting Safeguards Report and Order, as discussed in the Affidavit of Kathleen Larkin.

E. THE TELCOS COMPLY WITH THE SEPARATE OFFICERS, DIRECTORS, AND EMPLOYEES REQUIREMENTS OF THE ACT

1. No officer, director, or employee of The Telcos is an officer, director, or employee of SBLD or PBCom. in any possible combination of those roles. To the extent the requirements of Section 272 apply, no officer, director, or employee of The Telcos will simultaneously serve as an officer, director, or employee of SBLD or PBCom, in any possible combination of those roles [See attachment 1].

F. THE TELCOS COMPLY WITH APPLICABLE NONDISCRIMINATION

DRAFT

- 7 -

SAFEGUARDS

1. The TELCOS do provide and procure goods, services, facilities, and information, and establish or cooperate in the establishment of standards, in a nondiscriminatory manner.
 - a. The Telcos do not discriminate in favor of SBLD/PBCom in the provision or procurement of goods, services, facilities, and information or in the establishment of standards. The Telcos will make available to unaffiliated entities all non-joint-marketing goods, services, facilities, and information that The Telcos provide to SBLD/PBCom in a manner consistent with Section 272 and the Non-Accounting Safeguards First Report and Order. Non-joint-marketing related goods, services, facilities, and information will be made available to unaffiliated entities at the same rates, and on the same terms and conditions, as are provided to SBLD/PBCom. Where The Telcos offer services or facilities on a tariffed basis, they will be provided to SBLD/PBCom at the same rates, and on the same terms and conditions, as are available to nonaffiliated entities under the applicable tariffs.
 - i. The Telcos do and will continue to provide unaffiliated carriers with the same exchange access, interconnection, collocation, unbundled network elements, and resold services that they provide to SBLD/PBCom on non-discriminatory rates, terms, and conditions. The Telcos will provide telecommunications services and network elements to SBLD/PBCom using the same service parameters, interfaces, intervals, standards, procedures, and

D R A F T

- 8 -

practices used to serve other carriers and retail customers.

- ii. To the extent The Telcos develop new services for or with SBLD/PBCom, it will work with other telecommunications carriers to develop new services on a nondiscriminatory basis.
- iii. The Telcos will continue to participate in public standards-setting bodies and will also continue to negotiate interconnection arrangements on a nondiscriminatory basis with any requesting telecommunications carrier. The Telcos do not and will not discriminate in favor of SBLD/PBCom in the establishment of any standards, including but not limited to industry-wide standards, that affect the interconnection or interoperability of two or more public network operations.
- iv. New local exchange or exchange access services and new interfaces that affect interconnection or interoperability, including any carrier-specific interfaces The Telcos introduce, will be made available to all carriers at the same time and on the same terms and conditions as they are made available to SBLD/PBCom.
- v. The Telcos will not discriminate between SBLD/PBCom and other entities with regard to the dissemination of technical information and interconnection standards related to telephone exchange and exchange access services.

DRAFT

- 9 -

- vi. The Telcos do and will continue to provide any required public notice relating to network changes that affect a competing telecommunications carrier's performance or ability to provide service or affect the The Telcos' interoperability with other telecommunications carriers. Distribution will be made to all entities requesting notice, all interconnecting carriers, and all entities on The Telcos' distribution lists for technical information and interconnection standards. Until public notice has been given in accordance with the FCC's rules, The Telcos will not disclose to SBLD/PBCom, or to any other affiliated or unaffiliated telecommunications carrier, information about planned network changes that are subject to the FCC's network disclosure requirements.
- vii. Absent carrier consent, The Telcos do not and will not disclose to SBLD/PBCom any unaffiliated carrier's proprietary information. This includes, but is not limited to, the carriers' network configuration or interconnection arrangements, exchange access usage, customer preferred interexchange carrier selections, and purchases of telephone exchange services or network elements from The Telcos. The Telcos do not and will not disclose to SBLD/PBCom, without the consent of the carrier involved, any unaffiliated carrier's proprietary information that has come into

DRAFT

- 10 -

The Telcos possession as a result of its provision of billing services to that carrier.

- viii. The Telcos will not discriminate between SBLD/PBCom and unaffiliated interexchange carriers in the processing of presubscribed interexchange carrier ("PIC") change orders. The Telcos will abide by binding FCC rules for implementation of Section 272(e)(1), which address the timeliness of PIC changes for affiliated and non-affiliated companies.
- ix. The Telcos have established an account team, based in California, which services the SBLD/PBCom account in the same manner as other interexchange carriers of similar size. SBLD/PBCom must request Telco goods, services, facilities and information through the account team, just as AT&T, MCI, Sprint and other similarly situated carriers do today. The account team coordinates 272 compliance issues directly with the 272 Oversight Committee to ensure compliance with all aspects of Section 272.

G. FULFILLMENT OF CERTAIN REQUESTS

- 1. The Telcos will provide nondiscriminatory installation and maintenance of telephone exchange access
 - a. The Telcos will fulfill equivalent service requests for telephone exchange and exchange access service received from SBLD/PBCom, and from nonaffiliated entities within equivalent intervals. Requests of a certain

DRAFT

- 11 -

size, level of complexity, and specific geographic location will be fulfilled on an equivalent basis. Service requests received from nonaffiliated entities will be fulfilled within a period of time no longer than the period in which The Telcos respond to an equivalent request from SBLD/PBCOM, or The Telcos themselves.²

- b. The Telcos will not discriminate in favor of SBLD/PBCOM or against any unaffiliated carrier in the installation of exchange access services. SBLD/PBCom will be required to order exchange access services in accordance with the same procedures and on the same terms and conditions as unaffiliated telecommunications carriers, using the industry standard formats. Due date intervals will be assigned on a non-discriminatory basis in accordance with published standards, except for orders that exceed specified quantities, in which case The Telcos will negotiate interval parameters on a nondiscriminatory basis. The Telcos will not favor SBLD/PBCom in conducting such negotiations.
- c. The Telcos will not discriminate in the repair of exchange access services based on the identity of the interexchange carrier involved. The Telcos will use the same procedures, systems, and personnel to maintain and repair comparable services, regardless of which carrier or customer is receiving the service.

² Subject to their rights of appeal, The Telcos will comply with the reporting requirements that the FCC will establish in its Further Notice proceeding in CC Docket 96-149. The FCC has proposed reports which will provide unaffiliated carriers with the information needed to determine if The Telcos are discriminating between affiliates

DRAFT

- 12 -

- d. All interexchange carriers, including SBLD/PBCom will use the same centralized repair centers for reporting trouble to The Telcos. In establishing repair commitments, The Telcos accord priority, in accordance with the National Security Emergency Preparedness guidelines, to trouble reports for known critical services, such as hospitals and police and fire departments. Non-critical trouble tickets will be handled on a first-in, first-out basis, with priority given to total outages. Technicians will be dispatched based upon commitment intervals and not by the identity of the carrier.
- 1. The TELCOS will provide facilities, information, and services concerning the provision of exchange access SBLD/PBCOM on the same basis as unaffiliated interLATA
 - a. The Telcos do not, and long as SBLD/PBCOM are bound by separate affiliate requirement pursuant to Section 272, will not, provide any facilities, services, or information concerning its provision of exchange access to SBLD/PBCom unless such facilities, services, or information are made available to other providers of interLATA services in that market on the same terms and conditions. If SBLD/PBCom purchase exchange access services from The Telcos, SBLD/PBCom will purchase such services on rates, terms and conditions available to other providers of interLATA services and in a manner consistent with all applicable state

and non-affiliated companies.

DRAFT

- 13 -

and federal regulatory requirements.

1. The Telcos will charge SBLD/PBCOM, or impute to themselves access charges

Each Telco will charge SBLD/PBCom, or impute to themselves (if using exchange access for the provision of its own services), rates for telephone exchange service and exchange access that are no less than the rate charged to any unaffiliated interexchange carrier for such service. If SBLD/PBCom purchase telecommunications services from The Telcos, SBLD /PBCom will purchase such services at the same rates, terms, and conditions (including volume and term discounts) as those available to unaffiliated providers.

2. The Telcos will provide interLATA or intraLATA facilities or services on a nondiscriminatory

- a. The Telcos do, and as long as SBLD/PBCom are bound by is a separate affiliate requirements of Section 272 will, provide interLATA or intraLATA facilities or services to SBLD/PBCom only if such services or facilities are made available to all carriers at the same rates and on the same terms and conditions. SBLD/PBCom's purchases of such services, if any, will be made in the manner prescribed by the FCC. In all such cases, the rates, terms, and conditions available to SBLD/PBCom will be available to all unaffiliated entities.

H. JOINT MARKETING OF THE TELCO AND SBLD/PBCOM SERVICES

1. If SBLD/PBCom is permitted to jointly market The Telcos' telephone exchange services, The Telcos will permit other entities offering the same or similar

DRAFT

- 14 -

services to market and sell The Telcos' telephone exchange services.

2. When SBLD/PBCom receives authorization to provide in-region interLATA services, The Telcos may market or sell SBLD/PBCom's services as permitted. As the FCC concluded in the BellSouth 271 Order, 272(g) allows a BOC to mention its affiliate apart from including that affiliate on a random list of available interexchange carriers.³ The Telcos' joint marketing activities will comply with the FCC's conclusions.

I. 272 COMPLIANCE PLANS & TRAINING

1. Description of SBC's 272 Compliance Activities

SBC has established a 272 Oversight Team that meets on a weekly or ad hoc basis, depending on the current issues, to provide expedited review of all affiliate transactions between The Telcos or any future 272 affiliate. Kathleen Larkin's Affidavit at Attachment 2, is a letter that directed all managers to coordinate with this 272 Oversight Team prior to instituting any affiliate transactions or other joint activities between existing or planned 272 subsidiaries and any other SBC affiliate. In addition, a second letter was distributed to officers and senior managers on September 11, 1997 describing the importance of 272 compliance and encouraging managers to attend training sessions on the subject.

2. 272 Compliance Training

272 compliance-training sessions were conducted in our market areas, in all seven

³See Application of BellSouth Corporation, *et al.* Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services in South Carolina, Memorandum Opinion and Order, CC Docket 97-208, FCC 97-418 (rel December 24, 1997). @ p. 239.

DRAFT

- 15 -

states, over the last several months. As part of those 1½-hour sessions, employees were provided with an in-depth analysis of Section 272 and the FCC's rules regarding Section 272. Employees also received a copy of Section 272 and were encouraged to bring issues or questions to the 272 Oversight Committee, on an ongoing basis.

3. 272 Compliance Booklet

Before SBC's affiliates begin offering interLATA services pursuant to Section 272, SBC will distribute a compliance booklet [see attachment 2] to all employees. Additionally, SBC is revising its the Code of Business Conduct to address its obligations under the Telecommunications Act of 1996. All employees will receive the revised Code and will be required to sign and return to their supervisor a certificate stating that they have read and understand the provisions applicable to their job duties and that violations will be punishable with appropriate disciplinary action, up to and including dismissal.

The information contained in this affidavit is true and correct to the best of my knowledge and belief.

Kathy Rehmer

Subscribed and sworn to before me this ____ day of _____, 1998.

NOTARY PUBLIC

Officers of SBLD

- President - Virginia Vann
This officer of SBLD is responsible for all day-to-day operations, including SBLD's network operations, installation, and maintenance; network planning; marketing; product development; finance; regulatory; customer service; systems development; strategic planning; and administrative functions.
- Vice President and Chief Financial Officer - Susan Johnson
This officer of SBLD is responsible, either directly or indirectly, for the performance of SBLD's finance and accounting functions.
- Vice President - Customer Care - Charlene Mike-Billstrom
This officer of SBLD is responsible, either directly or indirectly, for designing and managing the processes used to support customers.
- Vice President - Marketing - Vacant
This officer of SBLD is responsible, either directly or indirectly, for the performance of SBLD's marketing and sales.
- Vice President - Operations - Tom Miller
This officer of SBLD is responsible, either directly or indirectly, for the performance of SBLD's network operations, installation, and maintenance; and network planning functions.
- Vice President - Regulatory - Vacant
This officer of SBLD is responsible for regulatory compliance in the interstate and intrastate jurisdictions. It prepares, either directly or indirectly, all regulatory filings on behalf of SBLD.
- Vice President - Strategic Planning - Manuela McCall
This officer of SBLD is responsible, either directly or indirectly, for strategic planning, which assesses various company and corporate goals and makes strategic plans to meet those goals, as well as the administrative functions for SBLD.
- Vice President - Taxes - John J. Stephens
This officer of SBLD is responsible, either directly or indirectly, for the performance of SBLD's state and federal taxation activities

ATTORNEY/CLIENT PRIVILEGED MATERIAL
DRAFT DATED JANUARY 29, 1998

- Secretary - Stanley J. Moore

This officer of SBLD issues all authorized notices for, and keeps minutes of, all meetings of the stockholders and the Board. The Secretary has general charge over the corporate records.

- Treasurer - Charles P. Allen

This officer of SBLD has custody of all monies and securities of SBLD. The Treasurer makes such disbursements of the funds of SBLD as are proper, and renders from time to time an accounting of all such transactions and of the financial condition of SBLD.

ATTACHMENT 1.A

SBLD's Board of Directors

J. Michael Turner [Chairman]

James D. Gallemore

Edward L. Glotzbach

A. Dale Robertson

Stanley T. Sigman

Virginia L. Vann

REHMER
ATTACHMENT

2

THE "SEPARATE AFFILIATE SAFEGUARDS"

**BELL OPERATING COMPANY COMPLIANCE OBLIGATIONS
APPLICABLE TO INTERLATA SERVICES AND MANUFACTURING
UNDER THE TELECOMMUNICATIONS ACT OF 1996**

AN EMPLOYEE GUIDE

January, 1998

TABLE OF CONTENTS

<u>Subject Heading</u>	<u>Page</u>
I. Introduction	1
II. Glossary of Key Terms	1
III. Activities Subject to the Separate Affiliate Safeguards	3
IV. Structural and Transactional Requirements	4
V. Nondiscrimination Requirements	5
VI. Accounting Requirements	7
VII. For More Information	8

I. Introduction

In February 1996, the Telecommunications Act of 1996 (the Act) became law. Upon enactment, the Act permitted each Bell Operating Company (BOC) (Southwestern Bell Telephone Company, Pacific Bell and Nevada Bell are SBC BOCs), or any affiliate of a BOC, immediately to provide interLATA services that originate outside of its in-region states. However, the Act conditions each BOC's provision of in-region interLATA services on its receipt of approval from the Federal Communications Commission (FCC) to provide such services, pursuant to Section 271 of the Act. Under Section 271, the FCC is required to find, among other things, that the BOC will comply with the safeguards and requirements stated in Section 272 of the Act.

Since the Act was passed, the FCC has adopted certain rules interpreting and implementing the requirements of Section 272. The purpose of this employee guide is to provide an overview of SBC's compliance obligations under Section 272 and these FCC rules. This guide addresses only the requirements of Section 272. Questions about other portions of the Act should be directed to your supervisor or the Legal Department.

This employee guide provides a Glossary of Key Terms (Section II), describes the activities generally subject to the Section 272 separate affiliate safeguards (Section III), and details the principal Section 272 structural and transactional requirements (Section IV), nondiscrimination requirements (Section V) and accounting requirements (Section VI). The guide closes with a brief "For More Information" discussion (Section VII) that you should read in order to help you get answers to any specific questions you may have.

SBC Communications Inc. and its subsidiaries are committed to compliance with both the letter and the spirit of the Act, including Section 272. Each employee is responsible for knowing and understanding these requirements and acting in accordance with them in performing their job.

II. Glossary of Key Terms

Specific activities of BOCs and their affiliates are subject to several separate affiliate safeguards and requirements of Section 272 of the Act and the FCC's rules. The following definitions will assist you in understanding when these safeguards and requirements apply and in complying with them:

BOC - Nevada Bell, Pacific Bell, and Southwestern Bell Telephone Company, and any successor or assign of these companies that provides wireline telephone exchange service.

InterLATA telecommunications service - the offering of telecommunications for a fee directly to the public, between a point located in a local access and transport area (LATA) and a point located outside that LATA.

In-region interLATA telecommunications service of a BOC - interLATA telecommunication service of a BOC that originates in a state in which the BOC provides local exchange and exchange access services (i.e., in-region). SBC's in-region states are Arkansas, California, Kansas, Missouri, Nevada, Oklahoma and Texas.

Information service - generally speaking, the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing or making available information via telecommunications. The term encompasses each service that the FCC previously considered to be an "enhanced service."

InterLATA information service - any information service-which incorporates as a necessary, bundled element an interLATA telecommunications transmission component, provided to the customer for a single charge.

InterLATA information service of a BOC - an interLATA information service in which a BOC provides the interLATA telecommunications transmission component either over its own facilities or by reselling the interLATA telecommunications services of an interexchange carrier (IXC).

Manufacturing - the design, development, and fabrication of telecommunications equipment and customer premises equipment (CPE), including the development of firmware or software integral to the functioning of telecommunications equipment or CPE. This does not include design and development of applications software, or provision of generic requirements and functional specifications to manufacturers. It also does not include research related to manufacturing, close collaboration with manufacturers during the design and development phase, and entering into royalty agreements with manufacturers.

III. Activities Subject to the Separate Affiliate Safeguards

With certain exceptions, a BOC may engage in the following activities only through one or more affiliates that are "separate" (as defined by Section 272) from the BOC (separate affiliates):